



Council Report

Report Number:	RS2022-011
Meeting Date:	January 25, 2022
Title:	Proposed Update to the Lease Agreement between the City of Kawartha Lakes and Horizon Aircraft, Inc.
Description:	Horizon Aircraft, Inc. is requesting to lease a commercial building at the Municipal Airport, 3187 Highway 35 North, Lindsay, for engineering and design aircraft business.
Author and Title:	Christine Oliver, Law Clerk – Realty Services

Recommendation(s):

That Report RS2022-011, **Proposed Update to the Lease Agreement between The City of Kawartha Lakes and Horizon Aircraft, Inc.**, be received;

That the By-Law attached as Appendix F, being a By-Law to Repeal and Replace By-Law 2021-142, a By-Law to Authorize the Execution of a Lease Agreement between Horizon Aircraft Inc. and The City of Kawartha Lakes for a Commercial Building at the Municipal Airport, 3187 Highway 35, Lindsay, in the City of Kawartha Lakes, be approved; and

That the Mayor and Clerk be authorized to execute the proposed Lease Agreement (attached as Appendix E) between The Corporation of the City of Kawartha Lakes and Horizon Aircraft, Inc. for the purpose of leasing a commercial building for a five (5) year term at the Municipal Airport, 3187 Highway 35, Lindsay, for an aircraft engineering and design business.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

At the Council Meeting of September 21, 2021, Council adopted the following resolution:

11.1.15 RS2021-037

Proposed Lease Agreement Between the City of Kawartha Lakes and Horizon Aircraft, Inc.

Christine Oliver, Law Clerk - Realty Services

CR2021-436

That Report RS2021-037, **Proposed Lease Agreement between the City of Kawartha Lakes and Horizon Aircraft, Inc.**, be received;

That a By-Law (attached as Appendix D) authorizing to execute the proposed lease agreement for a five (5) year term between the City of Kawartha Lakes and Horizon Aircraft, Inc. for a commercial building at the Municipal Airport, 3187 Highway 35, Lindsay, being utilized for engineering and design aircraft business, be approved; and

That the Mayor and Clerk be authorized to execute the proposed lease agreement (substantially in the form as attached as Appendix E) on behalf of the Corporation of the City of Kawartha Lakes with Horizon Aircraft, Inc. for the purpose of leasing commercial building for a five (5) year term at the Municipal Airport, 3187 Highway 35, Lindsay, being utilized for engineering and design aircraft business.

Carried

Subsequent to that direction being given and prior to the lease being executed, Horizon Aircraft, Inc. has requested amended terms. The Manager of the Airport Board and City Staff are supportive of that request. The purpose of this Report is to seek further instructions pertaining to this lease.

Rationale:

Horizon Aircraft, Inc. are obligated to repair the roof of the leased building pursuant to the terms of the lease. Substantial repair of the roof is required during the term of the lease. Horizon Aircraft has proposed that the City credit them \$4,205.68 against fees otherwise payable pursuant to the lease. This is outlined within Section 4(c) of attached Appendix E. This credit is to provide a one time support to Horizon Aircraft, Inc. towards the financial impact they intend to incur from the roof repair. This is intended as a one-time credit and is not intended to reflect a history of maintenance to the

building. The updated lease agreement (attached as Appendix E) has been agreed to by Horizon Aircraft, Inc. and they have executed it.

Other Alternatives Considered:

Council could decide not to proceed with the lease agreement. Staff's recommendation is to proceed with the lease agreement under these terms (attached as Appendix E) to continue the long standing tenancy relationship with Horizon Aircraft, Inc.

Alignment to Strategic Priorities

The recommendation set out in this Report aligns with the strategic priority Good Government more specifically the effective management of municipal building and land portfolio.

Financial/Operation Impacts:

The revenue for the proposed lease agreement has increased to align with fair market value. The Proposed Lease Agreement charges rent annually in the amount of \$24,011.36 plus HST. The previous lease agreement charged rent annually in the amount of \$16,152.44 plus HST. This is an annual increase in the rent amount of \$7,858.92.

The financial impact being that the City will not be receiving \$4,205.68 from Horizon Aircraft, Inc. However, this income was not planned for during the 2021 calendar year because the lease was up for renewal and the income was based on the rate received in 2020. The annual income will remain the same, in the amount of \$24,011.36, and will still be received.

Consultations:

Airport Manager
City Solicitor

Attachments:

Appendix A – Location Map



Appendix A

Appendix B – Map



Appendix B

Appendix C – Aerial Map



Appendix C

Appendix D – Original Proposed Lease Agreement



Appendix D

Appendix E – Updated Proposed Lease Agreement



Appendix E

Appendix F – By-Law 2022-XXX A By-Law to Repeal and Replace 2021-142, Being a By-Law to Authorize the Execution of a Lease Agreement between Horizon Aircraft, Inc. and The City of Kawartha Lakes for a Commercial Building at the Municipal Airport, 3187 Highway 35, Lindsay, in the City of Kawartha Lakes



Appendix F



Schedule A to
Appendix F

Department Head email: rcarlson@kawarthalakes.ca

Department Head: Robyn Carlson

Department File: L17-20-RS055